



Health Services
LOS ANGELES COUNTY

**Los Angeles County
Board of Supervisors**

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April 20, 2006

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Bruce A. Chernof, MD
Acting Director and Chief Medical Officer

John R. Cochran III
Chief Deputy Director

William Loos, MD
Acting Senior Medical Officer

Dear Supervisors,

**APPROVAL OF AMENDMENT NO. 5 TO AGREEMENT
NO. H-212817 WITH BLUE CROSS OF CALIFORNIA**
(All Districts) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 240-8101
Fax: (213) 481-0503

www.ladhs.org

Approve and instruct the Acting Director of Health Services, or his designee, to execute Amendment No. 5 to Agreement No. H-212817 with Blue Cross of California to extend the term of the Blue Cross Medi-Cal Managed Care and Healthy Families Program Participating Hospital Agreement on a month-to-month basis, not to exceed six months, effective July 1, 2006 through December 31, 2006.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

*To improve health
through leadership,
service and education.*

In approving the recommended action, the Board is approving the continued provision of primary, specialty, inpatient, and emergency care provided by Department of Health Services' (DHS or Department) facilities at fee-for-service rates for Medi-Cal Managed Care and Healthy Families Program members enrolled with Blue Cross of California (Blue Cross).

Implementation of Strategic Plan Goals

The action meets the County's Strategic Plan Goals of Fiscal Responsibility and Organizational Effectiveness by increasing the utilization of DHS facilities and thereby increasing revenue to DHS.



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FISCAL IMPACT/FINANCING:

There is no cost to the Department because the Agreement provides DHS with reimbursement at fee-for-service rates from Blue Cross. The reimbursement rates are on file with DHS and kept confidential in accordance with Health and Safety Code Section 1457.

It is difficult to estimate the amount of revenue because it depends on the number of Blue Cross patients served by DHS facilities. The amount of revenue that DHS received during the Agreement's first four and a half years exceeds \$12 million dollars.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The Agreement allows Blue Cross to refer its Medi-Cal Managed Care and Healthy Families Program Members to DHS for primary, specialty, inpatient, and emergency care. Such care provided is subject to County Code Section 2.76.130, Priority of Admissions.

On July 17, 2001, the Board approved the Agreement, and subsequently approved Amendment Nos. 1 and 2 which extended the term through June 30, 2005. On May 31, 2005, the Board approved Amendment No. 3 which extended the term through December 31, 2005, and delegated authority to the Director to extend the term on a month-to-month basis through June 30, 2006, upon written mutual agreement of the parties.

DHS and Blue Cross are continuing to negotiate terms for a new agreement. Due to protracted negotiations between Blue Cross and DHS, the Department is requesting an extension to provide additional time to complete the negotiations and request Board approval of a new agreement.

Attachment A provides additional information.

CONTRACTING PROCESS:

Because DHS facilities are the service providers under this Agreement, it is not appropriate to advertise this Amendment on the Los Angeles County Online Website.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Approval of the Amendment will allow Blue Cross' Medi-Cal Managed Care and Healthy Families Program members to continue to utilize DHS facilities and provide revenue to the Department.

The Honorable Board of Supervisors
April 20, 2006
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When approved, the Department requires three signed copies of the Board's action.

Respectfully submitted,

A handwritten signature in dark ink, appearing to be 'BAC', written over the printed name.

Bruce A. Chernof, M.D.
Acting Director and Chief Medical Officer

BAC:rf
Blue Cross Amendment No. 5.rf.wpd

Attachments (2)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervision

SUMMARY OF AGREEMENT

1. TYPE OF SERVICE:

The Agreement allows Blue Cross of California to refer its Medi-Cal Managed Care and Healthy Families Program Members to Department of Health Services' facilities for the provision of primary, specialty, inpatient, and emergency care at fee-for-service rates.

2. AGENCY NAME AND CONTACT PERSON:

Blue Cross of California
21555 Oxnard Street, Suite 12D
Los Angeles, California 90013
Attention: Dennis McKaig, Contracts Manager
Telephone: (818) 234-3291 / Facsimile (FAX): (818) 383-1705

3. TERM:

The term of this Amendment is on a month-to-month basis, not to exceed six months, effective July 1, 2006 through December 31, 2006.

4. FINANCIAL INFORMATION:

DHS will be reimbursed on a fee-for-service basis.

5. GEOGRAPHIC AREAS SERVED:

All areas.

6. ACCOUNTABLE FOR MONITORING AND EVALUATION:

DHS Facility Administrators.

7. APPROVALS:

Office of Managed Care: Dave Beck, Acting Director

Contracts and Grants: Cara O'Neill, Chief

County Counsel: Robert E. Ragland, Senior Deputy County Counsel

Contract No. H-212817-5

**BLUE CROSS MEDI-CAL MANAGED CARE AND HEALTHY FAMILIES PROGRAM
PARTICIPATING HOSPITAL AGREEMENT**

AMENDMENT NO. 5

THIS AMENDMENT is made and entered into this _____ day
of _____, 2006

by and between

COUNTY OF LOS ANGELES
(hereafter "County"),

and

BLUE CROSS OF CALIFORNIA
(hereafter "Blue Cross").

WHEREAS, reference is made to that certain document entitled
"BLUE CROSS MEDI-CAL MANAGED CARE PARTICIPATING HOSPITAL
AGREEMENT WITH COUNTY OF LOS ANGELES DEPARTMENT OF HEALTH
SERVICES", dated July 17, 2001, and further identified as County
Agreement No. H-212817 and all amendments thereto (all hereafter
"Agreement");

WHEREAS, the parties wish to extend the Agreement, and

WHEREAS, the Agreement provides that changes to its terms
may be made in the form of a written amendment which is formally
approved and executed by the parties.

NOW, THEREFORE, the parties hereby agree as follows:

1. This Amendment shall become effective July 1, 2006 and
shall continue on a month-to-month basis, not to exceed six
months, through December 31, 2006, unless terminated earlier

pursuant to the provisions of this Agreement.

2. Except for the changes set forth hereinabove, Agreement shall not be changed in any other respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its

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Acting Director of Health Services, and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officers, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
Bruce A. Chernof, M.D.
Acting Director and Chief Medical
Officer

BLUE CROSS OF CALIFORNIA
Contractor

By _____
Signature

Printed Name

Title

(AFFIX CORPORATE SEAL)

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY COUNSEL

APPROVED AS TO CONTRACT
ADMINISTRATION:

Department of Health Services

By: _____
Cara O'Neill, Chief
Contracts and Grants Division

RF:r board letter blue cross amendment no 5 actual 04.06.06